

Statement of Cash Flows

Proprietary Funds

June 30, 2005

(Amounts in thousands)

	Unemployment Compensation Trust Fund	University of Massachusetts	State Colleges	Community Colleges	Total
Cash flows from operating activities:					
Collection of unemployment contributions.....	\$ 1,619,418	\$ -	\$ -	\$ -	\$ 1,619,418
Tuition, residence, dining and other student fees.....	-	396,713	183,430	134,370	714,513
Research grants and contracts.....	-	458,655	65,276	120,386	644,317
Payments to suppliers.....	-	(533,092)	(139,771)	(131,470)	(804,333)
Payments to employees.....	-	(933,833)	(265,618)	(306,626)	(1,506,077)
Payments to students.....	-	(34,511)	(7,543)	(24,203)	(66,257)
Payments for unemployment benefits.....	(1,678,385)	-	-	-	(1,678,385)
Collection of loans to students and employees.....	-	7,071	1,841	254	9,166
Income from contract services.....	-	344,568	3,963	1,430	349,961
Maintenance costs.....	-	-	(855)	499	(356)
Auxilliary enterprise charges.....	-	207,597	27,679	130	235,406
Other receipts.....	49,577	(207,181)	5,584	25,208	(126,812)
Net cash provided by (used by) operating activities.....	(9,390)	(294,013)	(126,014)	(180,022)	(609,439)
Cash flows from non-capital financing activities:					
State appropriations.....	-	485,674	180,009	190,712	856,395
Grants and contracts.....	-	25,718	1,335	730	27,783
Student organizations agency transactions.....	-	249	2	47	298
Assignment of perkins loans.....	-	1,264	6,033	508	7,805
Net cash provided by non-capital financing activities.....	-	512,905	187,379	191,997	892,281
Cash flows from capital and related financing activities:					
Capital appropriations.....	-	24,124	6,018	2,529	32,671
Purchases of capital assets.....	-	(165,483)	(99,366)	(11,597)	(276,446)
Proceeds from sales of capital assets.....	-	-	37,359	-	37,359
Proceeds from debt issuance.....	-	68,880	16,881	480	86,241
Other capital asset activity.....	-	(302)	1,555	1,610	2,863
Net purchases / sales of investments held by bond trustee.....	-	(103,234)	-	(11)	(103,245)
Principal paid on capital debt and leases.....	-	(53,510)	(9,701)	(6,448)	(69,659)
Interest paid on capital debt and leases.....	-	(36,196)	(19,072)	(2,103)	(57,371)
Net cash provided by (used in) capital financing activities.....	-	(265,721)	(66,326)	(15,540)	(347,587)
Cash flows from investing activities:					
Proceeds from sales and maturities of investments.....	-	484,973	189,225	45,860	720,058
Purchases of investments.....	-	(553,611)	(149,170)	(44,910)	(747,691)
Investment earnings.....	9,390	12,237	6,494	4,731	32,852
Net cash provided by (used by) investing activities.....	9,390	(56,401)	46,549	5,681	5,219
Net increase (decrease) in cash and cash equivalents.....	-	(103,230)	41,588	2,116	(59,526)
Cash and cash equivalents at the beginning of the fiscal year.....	-	719,705	114,991	68,217	902,913
Cash and cash equivalents at the end of the fiscal year.....	\$ -	\$ 616,475	\$ 156,579	\$ 70,333	\$ 843,387
Reconciliation of operating revenues net income (loss) cash provided (used) by operating activities					
Operating loss.....	\$ 339,615	\$ (430,404)	\$ (189,574)	\$ (255,849)	\$ (536,212)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:					
Depreciation expense.....	-	118,665	31,576	19,578	169,819
Fringe benefits paid by the Commonwealth.....	-	-	40,004	52,577	92,581
Changes in assets and liabilities:					
Accounts receivable, prepaids and other assets.....	(40,659)	2,198	(3,731)	(5,159)	(47,351)
Accounts payable, accrued liabilities and benefits.....	(15,430)	18,160	(6,277)	5,631	2,084
Student deposits and other unearned and deferred revenues.....	(367)	2,220	(8)	2,972	4,817
Other noncurrent assets - restricted and liabilities.....	(292,549)	(4,852)	1,996	228	(295,177)
Net cash provided by (used by) operating activities.....	\$ (9,390)	\$ (294,013)	\$ (126,014)	\$ (180,022)	\$ (609,439)

Non-cash investing, capital and financing activities:

The University System had \$ 1,681,000 of non-cash activities, and the State and Community Colleges had \$ 120,102,000 of non-cash activities in the form of completed capital projects from the Commonwealth at net book value and non-cash asset acquisitions.

The notes to the financial statements are an integral part of this statement.